



General Assembly

February Session, 2010

Raised Bill No. 5309

LCO No. 1384

01384_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING AUTOMATIC OVERDRAFT PROTECTION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-303 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2010*):

3 (a) No bank, Connecticut credit union or federal credit union may
4 charge a fee or a penalty for an overdraft if such overdraft is due to an
5 error on a direct deposit tape of the Social Security Administration or
6 an accidental omission from such tape.

7 (b) Each Connecticut bank and credit union shall immediately
8 implement a freeze on an account upon an overdraft and provide
9 written notification to the account holder of such freeze not later than
10 three days after the overdraft. The account shall remain frozen until
11 the customer pays the overdraft fee and requests that the bank or
12 credit union remove the account freeze. No Connecticut bank or credit
13 union may charge a fee or a penalty for any additional overdrafts that
14 would have occurred had the bank or credit union not frozen the
15 account.

16 (c) If a Connecticut bank or credit union fails to implement an
17 account freeze pursuant to subsection (b) of this section, neither the
18 bank nor credit union may charge a fee or penalty for any additional
19 overdrafts that occur on the account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	36a-303

Statement of Purpose:

To prevent Connecticut banks from charging a fee or penalty for any overdrafts that occur following an initial overdraft.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]